



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
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CONSUMER PROTECTION DIVISION
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Press Release

FOR IMMEDIATE RELEASE

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Attorney General McGraw Announces WV Refunds of \$214,000 in Debt Relief Companies Settlement

Attorney General McGraw Continues to Reign in the Debt Relief Industry. Today he Announced Settlements with Three More Companies, Resulting in \$214,000 in Refunds for 226 West Virginia Consumers.

Alyson Rye of West Union was alarmed when a telemarketer from Clear Financial Solutions repeatedly badgered her to accept his offer to reduce the interest rates on her credit card debt. He even led her to believe that he had Chase Bank on the line and tried to negotiate an interest rate reduction. Chase later confirmed that no such call was made.

Although Ms. Rye never accepted its offer, Clear Financial Solutions charged \$999.00 to her credit card bank, which prompted her to complain to Attorney General McGraw's Consumer Protection Division. Her complaint and others prompted an investigation of Clear Financial Solutions of Orlando, Florida.

Today Attorney General McGraw's office announced that he entered into settlement agreements with three companies offering a variety of debt relief services, including Clear Financial Solutions, and its owner, Chris Rubini, Financial Freedom of America, Inc. of Dallas, Texas, and Financial Solutions Legal Center, of West Palm Beach, Florida. Collectively, the settlements will result in cash refunds of more than \$214,000 to 226 West Virginia consumers. All three companies also agreed to discontinue providing debt relief services in West Virginia in the future.

Clear Financial Solutions offered a service known as "debt negotiation," in which consumers are promised a reduction in interest on their credit card debt for a one-time fee that ranges from one to two thousand dollars. Debt negotiation companies claim they try to generate savings by arranging balance transfers on new credit cards. Many consumers report that no services are provided.

In contrast, Financial Freedom of America and Financial Solutions Legal Center offered a service known as "debt settlement." In this approach, consumers stop making payments to the credit card banks and try to accumulate savings in an account that the debt settlement company will use to negotiate lump sum settlements of less than the amount owed on each account. Most debt settlement companies charge substantial upfront fees, monthly service fees, and additional contingency fees based upon a percentage of the amount allegedly saved by a settlement. Consumers frequently complain that debt settlement companies settle few, if any, accounts, that they continue to receive calls from debt collectors, and are often sued by their creditors while they were enrolled in this program.

"Consumers who seek help with financial problems on the Internet or from high pressure telemarketers are more likely to find trouble rather than a solution to their problems. My office urges consumers burdened with debt to contact local credit

counseling agencies or West Virginia lawyers who are ethically obligated to advise consumers on all available options, including bankruptcy” explained McGraw. “Despite my office’s concerns about their practices, I commend these companies for cooperating with our investigation and for taking the necessary steps to resolve our concerns,” McGraw added.

McGraw’s office urges consumers seeking help with credit card debt to read “Don’t Get Caught in the Debt Settlement Trap, consumer tips recently published by four leading consumer advocacy organizations, available at www.consumerfed.org

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808, or by obtaining a complaint form from the consumer web page at www.wvago.gov.

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